
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Update to Menu of Budget Options

OVERVIEW

As requested by the Budget and Finance Committee at the meeting of November 10, 2010, the IBA constructed a menu of options consisting of budget balancing ideas from various sources, such as Councilmember memos and reports, the Citizen's Revenue Review and Economic Competitiveness Committee, the Citizen's Fiscal Sustainability Taskforce (12/2009 and 9/2010 reports), San Diego Speaks, labor organizations, the San Diego County Taxpayers Association, and other constituent suggestions.

On February 14, 2011 the IBA presented the Menu of Budget Options to the City Council. The Menu was extensive, consisting of 295 options that were organized into various categories. Council feedback was requested regarding options that should be eliminated from the menu, options that should be added to the menu, or options on the menu that should be more thoroughly examined. At that meeting, Councilmembers expressed a desire to focus as a first priority on the Menu items that could be feasible for implementation in FY 2012, and also requested that information be provided on options that are underway or have been completed.

This report builds upon the Menu of Budget Options presented at the February 14 meeting by providing a focused list of Menu options that may be feasible for implementation in FY 2012; identifying Menu items that are either completed or underway; and revising the Menu to reflect additional options that were identified both during and since the February 14 meeting. Council feedback is requested on the focused list of options recommended for further analysis for FY 2012.

FISCAL/POLICY DISCUSSION

The Menu of Budget Options presented to the City Council on February 14 consisted of 295 budget balancing options derived from a myriad of sources, including various Councilmember budget memoranda, the final report from the Citizen's Revenue Review and Economic Competitiveness Commission, the Citizen's Fiscal Sustainability Taskforce reports (12/2009 and 9/2010), San Diego Speaks, the San Diego County Taxpayers Association, presentations by various labor organizations, and other constituent suggestions. These options were organized into the following categories:

- Managed Competition/Privatization
- Operational Reforms/Efficiencies
- Pension Reform
- Salary/Benefit Reforms
- Revenue Enhancements
- Service Level/Staff Reductions
- Miscellaneous/Other
- Service Level Maintenance/Enhancement/Restoration

In addition, a number of Menu options that were non-financial in nature were segregated and grouped into the following categories:

- Budget Policies and Practices
- Performance Management
- Administrative/Policy

This report builds upon the Menu of Budget Options as presented on February 14 by providing a focused list of Menu options that may be feasible for implementation in FY 2012, and that are recommended for further analysis; identifying Menu items that are either completed or underway; and updating the Menu by adding a number of new options that have been identified. These issues are described in greater detail below.

Menu Options Recommended for Further Analysis

Due to the extensive number of options on the Menu, providing a thorough analysis of every item would not be feasible in time for FY 2012 budget actions. In order to refine the Menu to a more manageable scale, the IBA has identified a focused list of options that are recommended for further analysis (Attachment 1). These are items that may be feasible for implementation in FY 2012 and have the potential for significant budgetary relief. In addition, because the City is currently in negotiations with labor unions, we have primarily focused on options that do not require meet and confer.

It should be noted that this list of options is not all-inclusive; there are other options that may be feasible for implementation in FY 2012, and we request Council feedback on any additional items to pursue. In addition, there are other options that the City may wish to

begin pursuing now that are more long-term in nature. *Finally, we strongly emphasize that this does not represent a list of options recommended at this time by the IBA for implementation.* Rather, the list simply represents a select group of options that are recommended for further analysis due to their feasibility for implementation in FY 2012, and the potential for significant budgetary relief. Council feedback is requested with respect to any additional options that should be further analyzed for FY 2012

Menu Options that are Initiated/Underway or Completed

The IBA has also attempted to identify Menu options that are currently initiated or underway, or that have been completed. These items are presented in Attachments 2 and 3, respectively. Attempting to categorize the Menu options in such a manner naturally presents a significant degree of “gray area,” and certain categorizations may be overly broad. However, the intent of identifying options that are either underway or completed is to illustrate the areas in which effort has been made, as well as highlight areas where further action may be warranted.

Menu options that have been identified as either initiated or underway include those that are currently being explored but require further study before implementation, or for which the implementation process is currently underway. However, this is not to suggest that further action on these options is unnecessary. Many of the items identified as being underway could be expedited or expanded in scope. For instance, while the City is currently in the process of implementing managed competition in several service areas, this effort could be expedited or expanded to other areas.

Options that have been identified as completed are those that have been successfully implemented in a particular function, department or fiscal year. Again, this does not mean that further action is unwarranted, or that maximum budgetary relief has been achieved. As with items identified as being underway, many of these options could be expanded to other department or areas, or repeated as budget solutions in future years. For example, while a 4/10/5 work schedule has been implemented for the Collections Division of the Environmental Services Department, there may be opportunities for expanding the use of such a work schedule in other areas of the City.

Menu of Budget Options Revised to Reflect Additional Ideas

Finally, the IBA has updated the Menu to reflect a number of additional ideas that were expressed both during and since the February 14 Council meeting. Despite its extensive (and growing) nature, the IBA felt that it was important to maintain the complete Menu of Budget Options as a central repository for all ideas. This allows for all existing ideas to be maintained and for new ideas to be added, but also provides the opportunity for the Council to identify select options for further consideration and analysis. The revised Menu of Budget Options has been included at Attachment 4. For simplicity, all additional ideas have been consolidated toward the end of the Menu.

CONCLUSION

On February 14, 2011 the IBA presented the Menu of Budget Options to the City Council. The Menu consisted of 295 budget balancing options derived from a myriad of sources, including Councilmember budget memoranda, the final report from the Citizen's Revenue Review and Economic Competitiveness Commission, San Diego Speaks, the San Diego County Taxpayers Association, presentations by various labor organizations, and other constituent suggestions.

This report builds upon the Menu of Budget Options presented at the February 14 meeting by providing a focused list of Menu options that may be feasible for implementation in FY 2012. ***It should be emphasized that this is not a list of options recommended by the IBA for implementation, but rather, a list of options that are recommended for further analysis.*** In addition, the IBA has attempted to identify Menu items that are either completed or underway, and has revised the Menu to reflect additional options that have been identified both during and since the February 14 meeting. Further Council direction is requested with respect to adding or removing items from the focused list of options recommended for further analysis.

[SIGNED]

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[SIGNED]

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Attachments: 1. IBA Focused List of Options
2. Menu Options Initiated or Underway
3. Menu Options Completed
4. Revised Menu of Budget Options